

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Bankruptcy No. 08-44252 (RJK)
Chapter 11 Case

Avalon Fortress Security Corporation,

Debtor

APPLICATION TO RETAIN DEBTOR'S COUNSEL

Avalon Fortress Security Corporation, ("Debtor"), the debtor in the above-referenced case, hereby applies to this court for its order as follows:

1. The Debtor makes this application through Daniel J. Seman, President of the Debtor. The Debtor filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), on August 25, 2008 (the "Filing Date"), and is currently operating as debtor-in-possession.

2. Pursuant to Section 327(a) of the Bankruptcy Code, the Debtor wishes to employ Kenneth Corey-Edstrom, Esq. and Larkin Hoffman Daly & Lindgren Ltd. ("LHDL"), 1500 Wells Fargo Plaza, 7900 Xerxes Avenue South, Minneapolis, Minnesota 55431, as attorneys for the Debtor, for the purpose of rendering professional services to the Debtor in all matters related to or which will arise out of and in the course of the administration of the Debtor's estate and for the benefit of such estate.

3. The services of said attorneys are necessary to represent the Debtor in all legal matters arising during the control of Debtor's assets, the determination of claims, negotiations with creditors and third parties, the preparation and formation of a plan to be presented to the

creditors, and such other services as are necessary for the exercise of any and all rights available to the Debtor.

4. The Debtor has selected Kenneth Corey-Edstrom and Larkin Hoffman Daly & Lindgren Ltd., to act as its attorneys because they are attorneys experienced in legal matters of this nature. LHDL does not hold or represent an adverse interest in the Debtor, and is a “disinterested person” as required by law.

5. LHDL has agreed to perform services on an hourly fee plus costs basis. The Debtor has paid a retainer in the amount of \$10,000.00. The retainer shall be used to pay for services up to the time of the filing and any remainder will be placed in trust for payment of future fees. Fees and costs shall be subject to court review and approval. Applicant requests that interim applications for payment of such compensation be allowed to be made to the bankruptcy court not more than once every 60 days, unless otherwise ordered by the Court. Applicant further requests that the Debtor be permitted to pay invoices from Debtor’s counsel as received on a monthly basis, subject to the holdback of 20 percent of the invoiced fees as provided in Instruction 8(c) of this Courts published Instructions for Filing a Chapter 11 Case. LHDL has agreed to disgorge and return such fees (and has the ability to do so) should the Court so order. The Debtor agrees to this procedure. LHDL will calculate its fees for professional services in accordance with standard hourly rates for these services (as such rates are subject to normal adjustment from time to time for inflation and other factors). Such rates are set forth in the accompanying affidavit of Kenneth Corey-Edstrom. Hourly work performed by persons employed by LHDL will be recorded in increments of tenths of an hour, as required by local practice.

6. Debtor therefore requests an order of this court authorizing employment of Kenneth Corey-Edstrom and Larkin Hoffman Daly & Lindgren Ltd. as its attorneys under the terms and conditions set forth herein.

Dated: 8-25-08

AVALON FORTRESS SECURITY CORP.

By: 

Daniel J. Seman

Its: President

1216243.1

In re:

Debtor

STATE OF MINNESOTA)
)ss
COUNTY OF HENNEPIN)

2. Neither the undersigned nor the firm of LHDL holds or represents any interest adverse to Debtor in the above reorganization proceeding, and, to the best of my knowledge, neither I nor LHDL have an adverse interest as to the Debtor. To the best of my knowledge, neither I nor LHDL have any connection with creditors of the Debtor, other parties in interest, or their respective attorneys or accountants, or the U.S. Trustee or any person employed in the Office of the U. S. Trustee, except as follows: (i) LHDL has from time to time done work for First Minnesota Bank, N.A., one of the creditors in the case. No file is currently open in the billing

system of LHDL nor has the work for First Minnesota Bank N.A. approached even 1% of the billings of LHDL. (ii) LHDL has done pre-filing work to review the facts, discuss options, and substantial work to prepare Chapter 11 filings and paperwork, etc. The payment for this work will come out of the retainer received from the Debtor.

3. Neither LHDL nor I have in the past nor are currently representing any of the Debtor's principals, including any owners, officers, or directors. LHDL will not represent the Debtor's principles during the course of the Chapter 11.

4. If the undersigned and LHDL are retained and engaged as counsel for Debtor in this reorganization proceeding, they will perform such services according to their reasonable skill and ability and agree, by execution hereof, to act in the capacity of legal counsel to Debtor in this proceeding and for the purposes as outlined in Debtor's application for employment of counsel.

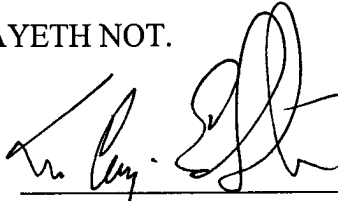
5. If the undersigned and LHDL are retained and engaged as counsel for Debtor in this reorganization proceeding, the compensation paid to them for professional services rendered and to be rendered in connection with the case will be calculated according to the hourly rates of persons employed by LHDL established from time to time, subject to court approval, as provided in the Bankruptcy Code. The current hourly rate of the undersigned is \$350. The undersigned and LHDL request that they be allowed to apply to the court on interim applications not more often than once every 60 days for approval of such compensation, unless otherwise ordered by the court. In addition, LHDL requests that it be permitted to be paid by Debtor, on its invoices, on a monthly basis, subject to a 20 percent holdback on invoiced fees, as provided in Instruction 8(c) of the Court's published Instructions for Filing a Chapter 11 Case. LHDL agrees to disgorge and return such fees (and has the ability to do so) should the Court so order. The Debtor in the

application has agreed to this procedure. The payment of any fees will be subject to court review and approval as set forth herein and as required by law.


6. Neither the undersigned nor LHDL have received from Debtor any transfer, assignment, or pledge of property for fees or costs to be incurred in this proceeding, except a prepetition retainer paid by Debtor in the amount of \$10,000.00.

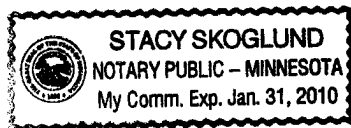
7. Neither the undersigned nor LHDL have made any agreement for the sharing of any fees earned in connection with said representation.

FURTHER YOUR AFFIANT SAYETH NOT.


Kenneth Corey-Edstrom

Subscribed and sworn to before me
this 25th day of August 2008.


Notary Public



**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Bankruptcy No. 08-44252 (RJK)
Chapter 11 Case

Avalon Fortress Security Corporation, Inc,

Debtor

ORDER

Upon application by the debtor for an order approving the retention of Kenneth Corey-Edstrom, Esq., and Larkin Hoffman Daly & Lindgren Ltd. (“LHDL”), 1500 Wells Fargo Plaza, 7900 Xerxes Avenue South, Minneapolis, Minnesota 55431, as counsel in this proceeding, the court having reviewed Debtor’s Application and the Affidavit of Kenneth Corey-Edstrom filed therewith and the certificate of review and recommendation for employment by the office of the United States Trustee, and the files and records herein,

IT IS HEREBY ORDERED:

1. The application by the Debtor seeking approval for the retention of Kenneth Corey-Edstrom and LHDL, as attorneys for the debtor is hereby approved.
2. LHDL is authorized to make interim application for court approval of fees and costs not more often than once every 60 days, unless otherwise ordered by this Court.
3. Debtor is authorized to pay monthly invoices of LHDL under the procedures in Instruction 8(c) of this Court’s published Instructions for Filing a Chapter 11 Case.

Dated: _____

The Honorable Robert J. Kressel
United States Bankruptcy Judge